

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7123

BILL NUMBER: SB 227

NOTE PREPARED: Dec 31, 2010

BILL AMENDED:

SUBJECT: Licensure of Heating and Cooling Industry.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: The bill establishes: (1) the Heating and Cooling Contractor Licensing Board (HCCLB); and (2) licensing requirements for heating and cooling contractors.

Effective Date: July 1, 2011.

Explanation of State Expenditures: A new seven-member board would require additional expenditures to be made by the Professional Licensing Agency (PLA). The following table provides the estimated costs that could be incurred by a seven-member board meeting four times per year.

Expenditure	Estimated Cost
Board Member Compensation*	\$4,730
Packet Preparation	\$1,400
Postage	\$154
Administrative Costs**	\$18,000
TOTAL ONE YEAR	\$24,284
*Includes: mileage, per diem/subsistence, expenses related to service. Estimate does not include hotel/motel reimbursement.	
**Includes PLA license processing, staff time with board meetings, printing, and signage.	

The estimated impact could be partially mitigated if the PLA were able to absorb the administrative costs within one of their existing professional work groups without additional staffing needs. However, placing an additional board within the responsibility of an existing work group would reduce the administrative time that the work group would have to devote to existing boards or commissions currently assigned.

The bill does not provide an appropriation to cover the costs to implement the HCCLB. However, existing statutes requires all professional boards to generate enough revenue through licensing fees to equal board expenditures. Ultimately, the impact of this provision on state expenditures would depend on future legislative and administrative action.

The Attorney General (AG) would act as the legal adviser for the HCCLB. The AG would be required to provide any legal assistance necessary to carry out this article. Under current law, the AG's Consumer Protection Division. investigates complaints concerning a licensed or certified professionals, including seeking court action to enjoin a practitioner.

Explanation of State Revenues: The bill would require the establishment of a fee for licensure. The fee would be determined by the HCCLB. Fee revenue would be deposited in the state General Fund. The U.S. Bureau of Labor Statistics estimates that 4,950 persons were employed in installation or repair of HVAC systems in Indiana during 2009. Those persons could be used as a proxy of individuals that may seek licensure. Given the definition for a contractor in the bill also includes designing and altering HVAC systems, there could be more persons that would apply for licensure.

Assuming approximately 4,900 persons were licensed, a fee of about \$5 would cover produce enough revenue to breakeven with the estimated expenditures in the table above. However, the actual amount of revenue generated would depend on the number of persons applying for licensure and the fee set by the HCCLB.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency; Attorney General.

Local Agencies Affected:

Information Sources: Professional Licensing Agency, U.S. Bureau of Labor Statistics.

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